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MAY 12 1964



1963

11th annual report

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MARITIMES MINING CORPORATION

L I M I T E D

(NO PERSONAL LIABILITY)

DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc.	Toronto, Ontario.
ROBERT J. ISAACS, B.A.Sc., P.Eng.	Islington, Ontario.
HARPER KENT	Bathurst, New Brunswick.
GILBERT KERLIN	New York City, U.S.A.
HUGH H. MACKAY	Toronto, Ontario.
GORDON L. MOORE	Islington, Ontario.
WILLIAM A. ROBINSON	Toronto, Ontario.

OFFICERS

M. J. BOYLEN, D.C.L., D.Sc.	<i>President</i>
ROBERT J. ISAACS, B.A.Sc., P.Eng.	<i>Vice-President & Managing Director</i>
GORDON L. MOORE	<i>Secretary-Treasurer</i>
CHARLES B. BRANNIGAN	<i>Assistant-Treasurer</i>

MINE MANAGER

W. HOLLAND SMITH, B.Sc., P.Eng.	Tilt Cove, Green Bay District, Newfoundland.
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TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA and % THE CENTRAL TRUST COMPANY OF CANADA	Toronto, Ontario and Montreal, Quebec, Fredericton, New Brunswick.
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BANKERS

THE BANK OF NOVA SCOTIA

AUDITORS

SNYDER, CRAIG & Co., CHARTERED ACCOUNTANTS.	Toronto, Ontario.
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HEAD OFFICE

TOWN OF BATHURST, NEW BRUNSWICK.

EXECUTIVE OFFICE

SUITE 908 - 330 BAY STREET, TORONTO, ONTARIO.

MINE OFFICE

TILT COVE, NEWFOUNDLAND.



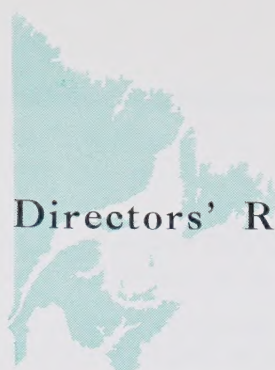
MARITIMES MINING CORPORATION

L I M I T E D

N O P E R S O N A L L I A B I L I T Y

SUMMARY

	1963	1962	1961	1960
Net Average Price Received for Copper Sold	30.8592¢	30.6424¢	28.2458¢	29.1959¢
Total Revenue	\$5,366,222	\$7,146,329	\$6,928,828	\$6,602,167
Net Profit before Depreciation and Mining Taxes	\$ 830,763	\$1,637,428	\$1,433,148	\$1,376,048
Net Profit (Loss) after Depreciation and Provincial Taxes	\$ (560,874)	\$ 213,436	\$ 26,044	\$ 292,326
Earnings per Share after Provincial Mining Taxes but before Depreciation	8.28¢	16.19¢	14.25¢	13.76¢
Pounds of Copper Produced	17,453,500	22,656,700	24,002,400	24,008,500
Ounces of Gold Produced	4,358.06	5,053.03	5,145.87	5,243.77
Pounds of Copper in Process and Storage	14,858,820	20,667,156	19,170,678	17,921,892
Current Assets	\$1,838,599	\$2,457,837	\$2,023,933	\$3,907,669
Investment in Other Mining Companies	\$6,676,824	\$6,687,350	\$6,657,707	\$1,800,056
Current and Deferred Liabilities	\$2,993,338	\$4,568,445	\$5,899,604	\$4,134,100
Number of Employees	245	294	328	328
Shareholders of Record	4,700	4,850	4,908	4,978



Directors' Report

TO THE SHAREHOLDERS:

Enclosed herewith is a notice calling the annual and a general meeting of the shareholders of the Company to be held in the Birch Room, Kent Theatre Building at Bathurst, New Brunswick, Canada, on Saturday, May 16th, 1964, at 12.00 o'clock noon (Atlantic Daylight Time). A form of instrument of proxy is also enclosed.

The Directors have called the meeting in order that the shareholders may consider and, if thought fit, confirm the plan of the Directors to apply for Supplementary Letters Patent to re-organize the authorized capital of the Company on the basis of two "new" for every five "old" shares. The name of the Company is to be changed to "First Maritime Mining Corporation Limited" in the same Supplementary Letters Patent. Of the present authorized ten million shares, there are ten million shares issued and outstanding, and it is the opinion of the Directors that the further financing of the Company can best be accomplished by re-organization of the Company.

If the capital re-organization of the Company is approved at the meeting, shareholders will also be asked to approve the action of the Directors in offering to the holders of the Company's shares (as constituted after Supplementary Letters Patent) and of record as at the close of business on May 27th, 1964, the right to buy one additional "new" share in the capital of the Company for each four "new" shares held by the Shareholders at a price of \$1.50 per share. If approved, the material relating to this offer will be mailed to shareholders immediately after the record date and the offer will expire on June 17th, 1964.

These rights will be of value until the expiry of the offer; subscription warrants will be void and valueless if not used prior to the expiry date. The material relating to the offer will afford shareholders the information necessary for their consideration of their subscription rights. As the new share issue will not be registered under the Securities Act of 1933 of the United States of America, these shares will not be offered to shareholders whose recorded addresses are in the United States of America or any of its territories or possessions. Nevertheless the rights evidenced by the subscription warrants will be transferable and it is expected that they will be traded on the Toronto Stock Exchange and the Canadian Stock Exchange until shortly before they expire. It is understood that there is no objection to a United States shareholder selling his rights.

At the forthcoming meeting you will also be asked to confirm an agreement between the Company and Lanson Holdings Limited of Toronto, Ontario, whereunder the latter will purchase at \$1.50 per share, all of the "new" shares in the Company's capital which are not taken up and subscribed for by the shareholders of the Company under the rights offering. As there will be 4,000,000 "new" shares issued and in the hands of shareholders after the issue of Supplementary Letters Patent there will be 1,000,000 additional "new" shares available for the rights offering at

DIRECTORS' REPORT (cont'd)

\$1.50 per share. The sale of all of these shares to those shareholders who shall elect to exercise their subscription rights, and to the above underwriter, will provide the Company with \$1,500,000.00.

Finally, at the forthcoming meeting you will be asked to confirm an agreement between the Company and Lanson Holdings Limited aforesaid, whereunder Lanson will buy at par, \$2,500,000.00 aggregate principal amount of the Company's 6% convertible debentures. These debentures will be dated June 1, 1964, and will have a five year maturity, will bear interest at 6% per annum, payable half-yearly, will afford the holders the right to convert debentures into shares of the Company at the rate of one share for every \$2.50 of debentures, until June 1, 1968, and will be secured by a floating charge on the Company's assets and undertaking. The Company will thus receive \$2,500,000.00 from the sale of these debentures which, when added to the \$1,500,000.00 to be received from the rights offering, will give the Treasury \$4,000,000.00.

The above proposed re-organization and new financing of your Company are, in the opinion of your Directors, necessary to place your Company in a strong financial position. Your Company has recently acquired an additional 277,353 shares of Brunswick Mining and Smelting Corporation Limited at a total cost of \$1,109,412.00. The Tilt Cove Mine, due to remaining ore reserves, cannot generate sufficient income to cover this purchase and put the Gullbridge mine into production.

► HOLDINGS IN OTHER CANADIAN CORPORATIONS

Your Company, as at March 31, 1964, owns in addition to the Tilt Cove Mine, and certain mining claims in New Brunswick, the following interest in other Canadian corporations.

	<i>No. Shares</i>	<i>Percent Ownership</i>
Gullbridge Mines Limited	2,500,000 Class B	100%
Gullbridge Mines Limited	500,000 Class A	100%
Tilt Cove Power Corporation Limited	500,000	100%
Brunswick Mining and Smelting Corporation Limited	1,933,353	22.57%
East Coast Smelting & Chemical Company Limited ..	—	22.57%
(A wholly-owned subsidiary of Brunswick Mining and Smelting Corporation Limited)		

THE TILT COVE MINE

The Tilt Cove Mine was operated at capacity throughout 1963. The average net price received for copper during the year was 30.85¢ per pound, which compares with 30.64¢ for 1962.

► FINANCIAL

A comparison of the earnings for the year under review and the two preceding years is shown below:

	<i>1963</i>	<i>1962</i>	<i>1961</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Mine Operating Profit	1,156,154	2,064,149	1,780,773
Less Interest and Mining Taxes, etc.	325,391	444,282	355,300
Net Profit before Depreciation	830,763	1,619,867	1,425,473
Net Profit before Depreciation/Share	8.28¢	16.19¢	14.25¢

During 1963 the Company retired \$1,421,000.00 (Can.) of its specific and floating charge debenture.

► OPERATIONS

Production for 1963 amounted to 17,453,500 pounds of copper, which is 5,203,200 pounds less than produced during 1962. The reduction is due to the milling of lower grade material. The average copper content of ore treated during 1963 was 1.19% copper as against 1.53% for 1962.

Mine operating cost averaged \$3.13 per ton of ore treated, a decrease of 10¢ per ton over 1962.

► ORE RESERVES

It is not expected that the Tilt Cove Mine can be operated profitably beyond 1964. This is approximately six months less than was projected at the end of 1962, and is partially due to increased milling rate and partially to the elimination of some ore which may not be economic to mine.

GULLBRIDGE MINES LIMITED

Work has been in progress for the last two months repairing the surface plant at the Gullbridge property and installing the necessary equipment for underground development. The projected closing of the Tilt Cove operation makes this work urgent since it is planned to use the Tilt Cove staff and employees to operate the Gullbridge property.

Negotiations are presently underway to arrange for the finances to bring the Gullbridge Mines Limited property into production. With minor additions sufficient equipment will be available from the Tilt Cove operation to supply the equipment needs at the Gullbridge property.

The total new capital required to put the Gullbridge property into production is estimated at \$2,750,000.00. In addition, it is proposed to supply equipment to an estimated value of \$1,250,000.00 from the Tilt Cove operation.

TILT COVE POWER CORPORATION LIMITED

The Tilt Cove Power Corporation Limited has been operated at cost since it was purchased by Maritimes Mining Corporation. During 1963, this source provided 21,973,600 kilowatt hours of the 29,209,700 kilowatt hours used by the Mine and the Townsite.

At completion of mining at Tilt Cove it is planned to move the steam turbine power plant to a new location where it can be used to supply the Gullbridge Mines requirements.

BRUNSWICK MINING AND SMELTING CORPORATION LIMITED

Construction of the first 3,000 ton per day unit of the 4,500 ton per day lead-zinc-copper concentrator should be completed during March 1964, and production of concentrates on a curtailed scale should commence during that month. The second unit is scheduled for completion in August, and it is considered that the remainder of 1964 will be required to smooth out the operation after which projected production results should be attained.

To provide additional funds required to raise the Brunswick mill tonnage from 3,000 tons per day to 4,500 tons per day and to cover additional money required by East Coast Smelting & Chemical

DIRECTORS' REPORT (cont'd)

Company Limited, Brunswick Mining and Smelting Corporation Limited have arranged the following financing:

Sale of 1,223,595 Shares @ \$4.00 per share (Rights Offering)	\$ 4,894,380.00
Sale of Bonds Convertible @ \$4.50	5,000,000.00
Total New Finances Arranged for	<u>\$ 9,894,380.00</u>

EAST COAST SMELTING & CHEMICAL COMPANY LIMITED

Brunswick Mining and Smelting Corporation Limited exercised its option to purchase all the issued shares of East Coast Smelting & Chemical Company Limited by the issue of 600,000 shares of Brunswick Mining and Smelting as provided for in the option agreement. Your Company received 100,000 shares of Brunswick Mining and Smelting for its interest in East Coast Smelting & Chemical Company.

Finances to construct the Smelter and ancillary installations have been arranged for by the sale of \$5,000,000.00 Series "A" Debentures and \$15,000,000.00 First Mortgage Sinking Fund Bonds. Any money required in addition to these amounts will be supplied by Brunswick Mining and Smelting Corporation Limited.

Engineering for the Smelter is well underway and construction of service buildings commenced before the close of 1963. It is anticipated that the Smelter will go on stream by 1967.

Your Company's interest in the Smelter, by virtue of its shareholdings in Brunswick Mining and Smelting Corporation Limited, is now 22.57%.

OTHER PROPERTIES

A gravimetric survey was carried out on the two mining properties held under Mining Licence in the Province of New Brunswick. In addition to this survey, 1,222 feet of diamond drilling was completed. Further work is scheduled for 1964.

PROJECTED EARNINGS

Since your Company owns all the issued shares of Gullbridge Mines Limited, all earnings after repayment of debt may be returned to Maritimes Mining. In addition, your Company has an equity in 22.57% of the future earnings of Brunswick Mining and Smelting Corporation Limited.

► ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the co-operation and assistance of the Mining Departments of the Provinces of Newfoundland and New Brunswick. They also wish to express their appreciation for the loyal and able services rendered during the year by the Mine Manager, staff and employees of the Tilt Cove Mine.

On behalf of the Board of Directors,

M. J. BOYLEN,

President.

Dated at Toronto, Ontario,
This 24th day of April, 1964.



Report of the Managing Director

The President and Directors,
Maritimes Mining Corporation Limited,
Suite 908, 330 Bay Street,
TORONTO 1, Ontario.

Gentlemen:

This report covers operations at your Company's mining properties during the year ended December 31, 1963. These comprise:

1. The Tilt Cove Mine in Newfoundland
2. The Gullbridge Mine in Newfoundland
3. Two Mining properties in New Brunswick

THE TILT COVE PROPERTY

PRODUCTION:

Results of production for the year, together with comparative figures for the preceding two years are summarized below:

	<u>1963</u>	<u>1962</u>	<u>1961</u>
Total Tons Ore Treated	831,641	831,681	814,748
Average Daily Tonnage	2,278	2,279	2,232
Average Copper Content	1.19%	1.53%	1.68%
Average Gold Content	0.017	0.022	0.023
Tons Concentrates Produced	44,246	57,787	61,313
Average Copper Content	19.72%	19.60%	19.57%
Pounds Copper Produced	17,453,500	22,656,700	24,002,400
Ounces Gold Produced	4,358.06	5,053.03	5,145.87
Tons Concentrate Shipped	44,794	62,102	63,460
Pounds Copper Shipped	17,763,600	24,207,400	24,766,900
Pounds Copper Marketed	22,618,241	20,390,671	22,035,940
Pounds Copper in Process: Storage	14,858,820	20,667,156	19,170,678

REPORT OF THE MANAGING DIRECTOR (cont'd)

Direct mine operating costs, exclusive of exploration and taxes were again reduced, showing an improvement of 10¢ per ton over 1962.

	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>1960</u>
Mining and Development per ton	1.61	1.68	1.72	1.88
Milling	1.12	1.09	1.08	1.14
General and Administration40	.46	.55	.54
Total	3.13	3.23	3.35	3.56

MINING:

Total ore production for the year was 853,281 tons, which included 3,406 tons from the dumps. Production during 1963 was distributed as follows:—

Blasthole Stopping — 98.2%; Shrinkage Stopping — 0.8%; Development — 0.1%; Dumps — 0.9%.

The total development footage is shown below for the last three years, as well as the total to date:

	<u>TOTAL FEET OF ADVANCE</u>			
	<u>1963</u>	<u>1962</u>	<u>1961</u>	<u>To Date</u>
No. 1 Shaft	—	—	—	1,962
Drifts and Cross-cuts	5,605	13,248	13,321	72,434
Raises	2,540	3,765	3,235	25,419

MILLING:

A summary of the milling results of the past three years is as follows:

	<u>1963</u>	<u>1962</u>	<u>1961</u>
Total Tons Treated	831,641	831,681	814,748
Average Tons per Day	2,278	2,279	2,232
Grade of Ore — Copper	1.19%	1.53%	1.68%
Recovery	88.20%	89.18%	87.76%
Tons Concentrate Produced	44,246	57,787	61,313
Grade of Concentrate	19.72%	19.60%	19.57%
Milling Cost per Ton of Ore	\$1.12	\$1.09	\$1.08

TRANSPORTATION:

A total of 44,794 tons of concentrates were shipped to Noranda's Gaspé Smelter. Total traffic over the dock during the shipping season was as follows:

<i>No. of Vessel Calls</i>	<i>General Cargo (Tons)</i>	<i>Concentrates (Tons)</i>	<i>Fuel Oil & Gasoline Bulk (Gallons)</i>
73	4,309	44,794	3,084,462

POWER:

Power distribution for the year was:

Diesel Power	864,000 KWH
Hydro Power	6,372,000 KWH
Tilt Cove Power Corporation	21,973,600 KWH
Total KWH Generated	29,209,600 KWH

ORE RESERVES:

Present ore reserves at Tilt Cove are not expected to last beyond 1964 at the present rate of milling. Actual date of closing will depend on the grade of ore that can be mined at a profit.

Exploration for new ore was discontinued during the last half of 1963. Extensive development of the lower levels failed to locate any significant mineralization. At year's end the area over which intensive development work was carried out extended 4,400 feet east of the shaft, 2,000 feet north of the shaft and 2,000 feet west of the shaft. Down-holes drilled vertically from the lower levels indicated a widening of the unfavourable serpentine zone which replaced the favourable rock formation that contained the orebodies developed on the upper levels.

Before discontinuing exploration for new ore an independent report was obtained from James, Buffam and Cooper, Consulting Geologists, which substantiated the opinion of the management that exploration on the Tilt Cove property should be terminated.

GULLBRIDGE MINES LIMITED

The Mine staff at the Tilt Cove operation have been working, during the last half of 1963, on plans for the underground development and plant construction at the Gullbridge Mines Limited property. At date of this report much of the preliminary planning has been completed and additional equipment is being added to the mining plant in order that underground development work may commence.

Present plans, which are subject to confirmation of ore grade and tonnage by underground development work, are to construct the additional mining plant required for a 1500-ton per day operation at the Gullbridge property; to complete the construction of the buildings to house the concentrator, crushing plant and power plant, and to pour the foundations for the machinery and equipment to be installed in these buildings. By completing these items and preparing the mine for production during 1964, the time between shut-down of the Tilt Cove plant and commencement of production from the Gullbridge plant could be cut to a minimum.

For the benefit of new shareholders, the following is a condensed description of the Gullbridge property.

PROPERTY:

Gullbridge Mines Limited is situated $3\frac{1}{2}$ miles west of the Trans-Canada Highway and approximately 20 miles from Badger, Newfoundland, which is on the Canadian National Railroad. The Gullbridge property contains over 6,300 acres and is approximately eight miles long by one mile wide. A well mineralized greenstone belt extends for the full length of the property. The Buchans Mine of the American Smelting and Refining Company lies on this same belt to the south-west.



DEVELOPMENT WORK:

In addition to the diamond drilling completed on the main orebody, ten holes totalling 5,992 feet were drilled at the north-east end of the property where numerous large ore-grade boulders cover an area of half a square mile. Due to a difference in the type of alteration associated with the copper mineralization, it is believed that the boulders did not have their origin in the Mineral Point ore bodies, which contain the presently developed ore.

During 1956 a 4-compartment shaft was sunk, on the main orebody, to a depth of 560 feet with levels established at 250, 400 and 500 foot horizons.

MINING PLANT:

Construction of a modern mining plant was completed in 1956. The plant will be adequate for underground development and can easily be expanded to support a 1500-ton per day concentrator. Adequate quarters for staff and employees required during preliminary development stages are available.

ORE RESERVES:

Drilling done by previous operators on the Mineral Point orebodies has indicated the presence of a series of large, overlapping lenses of cupriferous pyrite mineralization that can be mined as one unit. This zone is estimated to contain 4,350,000 tons of 1.24% copper to a vertical depth of 450 feet; the high grade central core of this mass is estimated to hold 1,958,771 tons grading 1.93% copper. The zone is open for extension and repetition, both down dip and down plunge; it has an indicated length of 1,500 feet and widths in places are in excess of 100 feet.

METALLURGY:

Preliminary mill tests indicate that the ore lends itself readily to concentration by flotation methods.

REMARKS:

It is considered that underground development work will substantiate drill results and that there are excellent potentials for greatly increasing the presently known reserves. The mine has been explored only to shallow horizons.

Mining costs should be comparable to costs at the Tilt Cove Mine and it is considered that further development work could put sufficient ore in sight to warrant mining lower grade material.

OTHER PROPERTIES

The Mining properties of your Company situated near Bathurst, New Brunswick, are maintained in good standing. The properties consist of two groups of mining claims now held under Mining Licences and comprise a total area of 1,806 acres. They are located immediately to the north and to the south of the Austin Brook property of Brunswick Mining and Smelting Corporation Limited. Additional exploration and development work on the area is under consideration for the 1964 field season.

ACKNOWLEDGMENTS:

I wish to thank the President, Officers, Directors, Mine Manager and his staff and employees of the Company for their continued help and able assistance.

Respectfully submitted,

R. J. ISAACS,
Managing Director.

Dated at Toronto, Ontario,
This 24th day of April, 1964.



"Maritimes Mine." View of plant and some of the living accommodations.





Brunswick Mining and Smelting Corporation Limited 4,500 Ton Per Day Zinc-Lead-Copper Concentrator taken during construction November 1963.



BALANCE SHEET

December 31st, 1963

(With comparative figures for 1962)

MARITIMES MINING

(No Personal)

(Incorporated under the

	1963	1962
ASSETS		
CURRENT	\$	\$
Cash	20,191	19,594
Note receivable and accrued interest	18,953	17,954
Net estimated amount receivable from sale of mineral concentrates (Note 1)	1,764,611	2,404,991
Accounts receivable, miscellaneous	34,844	31,964
	<u>1,838,599</u>	<u>2,474,503</u>
INVESTMENTS IN AND ADVANCES TO OTHER COMPANIES		
Subsidiary Companies (Note 2)		
Shares, at cost	1,834,369	1,834,369
Advances	276,445	249,060
Other Companies		
Shares, at cost (Quoted market value \$10,432,800) (Note 3) ...	4,566,010	4,566,010
	<u>6,676,824</u>	<u>6,649,439</u>
FIXED		
In the Province of Newfoundland:		
Land, surface properties, at cost	39,020	39,020
Buildings, surface structures and equipment, at cost, less accumu- lated depreciation of \$5,722,220 (1962 \$4,881,215) (Note 4)	3,650,492	4,669,683
Mining and land grants at Tilt Cove, Green Bay District, at cost ..	1,182,556	1,182,556
In the Province of New Brunswick:		
2 Mining licenses in the Parish of Bathurst, County of Gloucester, at cost	120,000	120,000
	<u>4,992,068</u>	<u>6,011,259</u>
MISCELLANEOUS AND DEFERRED		
Material and supplies on hand at values not in excess of laid down cost	562,408	624,261
Prepaid expenses and deferred charges	35,722	25,762
Mine development expenses, less amortization (Note 5)	332,114	775,621
	<u>930,244</u>	<u>1,425,644</u>
	<u>14,437,735</u>	<u>16,560,845</u>

THE ATTACHED NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

CORPORATION LIMITED

ability)

ws of New Brunswick)

● LIABILITIES

	1963	1962
CURRENT	\$	\$
6% Specific and Floating Charge Debenture payable on demand (U.S. \$2,525,000) (Notes 6 and 7)	2,728,578	4,149,578
Accounts payable and accrued liabilities	264,760	397,622
Commitment to pay the bank loan of a subsidiary company (Note 8)	\$ 290,000	
	<u>2,993,338</u>	<u>4,547,200</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized and issued:		
10,000,000 Shares of \$1.00 par value	10,000,000	10,000,000
CONTRIBUTED SURPLUS		
Premium on shares issued (Note 7)	2,138,072	2,138,072
DEFICIT		
Balance, beginning of year	124,427	
Loss on disposal of equipment	8,374	
Net loss for the year	560,874	
Balance, end of year	(693,675)	(124,427)
	<u>11,444,397</u>	<u>12,013,645</u>
	<u>14,437,735</u>	<u>16,560,845</u>

To the Shareholders of

MARITIMES MINING CORPORATION LIMITED.

(No Personal Liability)

Bathurst, New Brunswick.

We have examined the Balance Sheet of Maritimes Mining Corporation Limited (No Personal Liability) as at December 31st, 1963, the Notes to the Financial Statements and the Statement of Profit and Loss for the year ended on that date and, except as noted below, have obtained all the information and explanations we have required. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The extent of your Company's interest in and advances to subsidiary companies is set out in Note 2 of the Notes to the Financial Statements. The accounts of these subsidiaries have not been consolidated with, nor have any losses incurred by these subsidiaries been provided for in the accounts of the parent company. Losses of non-operating subsidiaries cannot be determined and the loss incurred by the operating subsidiary since date of acquisition is estimated at approximately \$350.

Development operations on the property of Gullbridge Mines Limited ceased during February, 1957. No Financial Statements of Newfoundland Gull Lake Mines Limited for fiscal periods up to and including December 31st, 1963 are available. We are therefore unable to express an opinion on the value of the investment in the shares of these companies, nor is the advance of \$264,941 to Gullbridge Mines Limited immediately recoverable.

Subject to the above limitations, in our opinion, the above Balance Sheet and the attached Notes to the Financial Statements and the Statement of Profit and Loss present fairly the financial position of the Company as at December 31st, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous year.

Toronto, Canada,
March 3rd, 1964.

SNYDER, CRAIG & CO.,
Chartered Accountants.

MARITIMES MINING CORPORATION LIMITED

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

December 31st, 1963

AMOUNT RECEIVABLE FROM SALE OF MINERAL CONCENTRATES

1. Mineral concentrates produced have been sold to an independent processor under an arrangement which terminates on June 30th, 1964. Final determination of the estimated amount receivable cannot be made until after completion of the refining process.

INVESTMENTS IN AND ADVANCES TO OTHER COMPANIES

	<i>Interest Held %</i>	<i>Investment in Shares \$</i>	<i>Advances \$</i>
2. Non-operating subsidiaries			
Gullbridge Mines Limited and Newfoundland Gull Lake Mines Limited	100	1,534,369	264,941
Operating subsidiary			
Tilt Cove Power Corporation Limited	100	300,000	
Advance Account			55,058
Current Account			(43,554)
		<u>1,834,369</u>	<u>276,445</u>
3. Other companies			
Brunswick Mining and Smelting Corporation Limited (1,656,000 shares having a quoted market value of \$10,432,800)	22½	<u>4,566,010</u>	<u>Nil</u>

DEPRECIATION AND MINE DEVELOPMENT PROVISIONS

4. Depreciation has been provided on all buildings, surface structures and equipment at the rate of 10% per annum from commencement of production, September 1st, 1957, to date.
5. Amortization has been provided on development expenses incurred on the Company's Newfoundland properties at the rate of 15% per annum from commencement of production, September 1st, 1957, to date.

DEMAND DEBENTURE PAYABLE

6. The Specific and Floating Charge Debenture is payable on demand and bears interest at 6% per annum payable monthly. The Debenture is secured by a first fixed and specific mortgage, pledge and charge on all the real property, mining and land grants, mining licenses and fixed assets of the Company and by a first floating charge on the Company's undertaking and all its other assets not specifically secured by the first mortgage.

NOTES TO FINANCIAL STATEMENTS (cont'd)

DEMAND DEBENTURE PAYABLE (cont'd)

7. The Company has agreed that it will not declare any dividends without the consent of the Debenture holder.

ADDITIONAL CURRENT COMMITMENT

8. The Company, in connection with the purchase of all the outstanding shares of Tilt Cove Power Corporation Limited, assumed full responsibility for the principal amount, due December 31st, 1964, of that company's indebtedness to a Bank and undertook to make monthly payments of \$10,000 on account of such principal plus interest. At December 31st, 1963, the principal amount of the indebtedness was \$290,000.

MAJOR TRANSACTIONS SUBSEQUENT TO BALANCE SHEET DATE — PURCHASE OF ADDITIONAL SHARES IN BRUNSWICK MINING AND SMELTING CORPORATION LIMITED

9. Pursuant to a "rights" offering by Brunswick Mining and Smelting Corporation Limited, Maritimes Mining Corporation Limited subscribed for and received 276,000 shares of Brunswick Mining and Smelting Corporation Limited at a cost of \$1,104,000 bringing the total holdings to 1,932,000 shares. Funds for the acquisition were provided by additional bank borrowings.
10. In addition, Brunswick Mining and Smelting Corporation Limited has offered to sell and Maritimes Mining Corporation Limited has agreed to buy at \$4 per share, 40% of the shares of Brunswick Mining and Smelting Corporation Limited not subscribed for by other shareholders by March 4th, 1964, pursuant to the "rights" offering.

FUTURE COMMITMENTS

11. Falconbridge Nickel Mines Limited, under existing agreements, has the right to participate to the extent of one-third of any future financing which might be arranged by Maritimes Mining Corporation Limited.

MARITIMES MINING CORPORATION LIMITED

(No Personal Liability)

STATEMENT OF PROFIT AND LOSS

For the year ended December 31st, 1963

(With comparative figures for 1962)

	1963 \$	1962 \$
INCOME		
Gross metal production	5,366,222	7,146,329
Less: Marketing costs	1,458,802	1,859,444
Net metal production	3,907,420	5,286,885
OPERATING EXPENSES		
Mining	1,503,092	1,828,825
Milling	931,347	935,595
Mine general expenses	239,978	373,203
Administrative expenses	76,849	85,113
	2,751,266	3,222,736
NET PROFIT on operations before provision for depreciation, mine development expenses written off and provincial mining tax	1,156,154	2,064,149
PROVISION FOR		
Depreciation of fixed assets	937,271	955,090
Mine development expenses written off	451,341	451,341
Provincial mining tax	3,025	17,561
	1,391,637	1,423,992
NET (LOSS) PROFIT on operations	(235,483)	640,157
FINANCIAL EXPENSES		
Interest on demand debenture	216,168	272,736
Other interest	99,545	23,696
Foreign Exchange	9,678	130,289
	325,391	426,721
NET (LOSS) PROFIT for the year	(560,874)	213,436

GULLBRIDGE MINES LIMITED

STATEMENT OF MINE OVERHEAD AND ADMINISTRATIVE EXPENSES

For the year ended December 31st, 1963

MINE OVERHEAD EXPENSES	\$	\$
Insurance	1,165.66	
Mine shutdown	4,012.45	
	<u>5,178.11</u>	
Less: Rental revenue	900.00	4,278.11
		<u>4,278.11</u>
ADMINISTRATIVE EXPENSES		
Administration	1,200.00	
Bank charges	1.00	
Corporation taxes	20.00	
Engineering and consulting fees	115.00	
Filing fees	477.00	
General expense	11.00	
Legal and audit	825.00	
Office stationery and supplies	2.29	
Telephone and telegraph	3.85	
Transfer agent and registrar fees	50.00	
Travelling expense	16.20	2,721.34
	<u>6,999.45</u>	
TOTAL CHARGED TO DEFERRED MINE DEVELOPMENT AND ADMINISTRATIVE EXPENSES ..		<u><u>6,999.45</u></u>



GULLBRIDGE
(Incorporated under the laws of the Province of Newfoundland)

BALANCE SHEET
December 31st, 1963

● **ASSETS**

CURRENT	\$	\$	\$
Cash		301.60	
Accounts receivable		20.00	
Prepaid expenses		176.44	498.04
			<hr/>
FIXED			
In the Province of Newfoundland:			
16 Fee simple mining grants at Great Gull Lake, at cost		38,012.05	
Buildings, surface structures and equipment, at cost		220,260.07	258,272.12
			<hr/>
MISCELLANEOUS AND DEFERRED			
Materials and supplies on hand at estimated salvage values		3,593.22	
Mine development and administrative expenses			
Balance, January 1st, 1963	884,996.08		
Add: Expenses for the year	6,999.45		
Balance, December 31st, 1963		891,995.53	895,588.75
			<hr/>
			<hr/>
			1,154,358.91
			<hr/>

NOTE: Cumulative dividends at a fixed rate of five cents per share on Class A shares are in arrears from January 1st, 1953. In the event of liquidation, dissolution or wind-up of the Company, holders of Class A shares are entitled to receive for their shares \$1.00 per share plus unpaid dividends to date prior to any claims of Class B shareholders.

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

GULLBRIDGE MINES LIMITED

(Incorporated under the Laws of Ontario)

BALANCE SHEET

As at December 31st, 1963

LIABILITIES

CURRENT	\$	\$
Accounts payable and accrued liabilities	1,491.05	
ADVANCE FROM PARENT COMPANY		
Maritimes Mining Corporation Limited	264,941.15	266,432.20

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized:

500,000 Class A cumulative, redeemable, non-voting shares of no par value, not to exceed in the aggregate (Note) 500,000.00

3,000,000 Class B shares of no par value, not to exceed in the aggregate 3,000,000.00

Issued:

500,000 Class A shares 25,000.00

2,500,000 Class B shares 946,959.05

971,959.05

DEFICIT

Balance, December 31st, 1963 (No change during the year) 84,032.34 887,926.71

1,154,358.91

To the Shareholders of

GULLBRIDGE MINES LIMITED,
Toronto, Ontario.

We have examined the Balance Sheet of Gullbridge Mines Limited as at December 31st, 1963 and the Statement of Mine Overhead and Administrative Expenses for the year ended on that date. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No provision, in the current or prior years, has been made in the accounts for depreciation or obsolescence of the buildings, surface structures and equipment all of which were acquired prior to the cessation of development operations in 1957. We are, therefore, unable to express an opinion on their value.

Subject to the above, in our opinion, the above Balance Sheet and the attached Statement of Mine Overhead and administrative Expenses present fairly the financial position of the Company as at December 31st, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous year.

SNYDER, CRAIG & CO.,

Chartered Accountants

March 3rd, 1964.

TILT COVE POWER CORPORATION LIMITED

(Private Company)

(Incorporated under the Laws of Ontario)

BALANCE SHEET

As at December 31, 1963

ASSETS

CAPITAL ASSETS — at cost

Leased lands	\$	1.00	
Buildings and Plant			
Site clearing and foundations	\$	71,906.50	
Building superstructure		49,233.91	
Machinery and equipment		724,598.39	
Offsite machinery and equipment		37,159.93	
Furniture, fixtures, tools and movable equipment		869.53	
		<u>\$883,768.26</u>	
Less: Accumulated depreciation		<u>347,826.90</u>	<u>535,941.36</u>
			\$535,942.36

CURRENT ASSETS

Cash in bank	\$	842.32	
Accounts receivable		47,702.57	
Stores and supplies		<u>11,910.73</u>	<u>60,455.62</u>

DEFERRED CHARGES

Prepaid insurance	\$	9,761.16	
Workmen's compensation		<u>103.27</u>	<u>9,864.43</u>

ORGANIZATION EXPENSE

785.00
\$607,047.41

LIABILITIES AND CAPITAL

CAPITAL AND DEFICIT

Capital			
Authorized and Issued			
500,000 Common shares without par value	\$250,001.00		
Deficit — to December 31, 1962	<u>8,647.52</u>		<u>\$241,353.48</u>

LONG TERM DEBT

Debenture No. 1 due December 31, 1964 bearing interest at 6% per annum after maturity, secured by fixed charge on the leased land, buildings, plant and equipment and a floating charge on all other assets, rights and revenue of the company issued to and deposited with the Bank of Nova Scotia as collateral to advances now or hereafter made to the company	<u>\$700,000.00</u>		
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CURRENT LIABILITIES

Bank overdraft	\$	18,681.44	
Bank loan — Bank of Nova Scotia		290,000.00	
Accounts payable		37.26	
Wages payable		<u>1,917.05</u>	
Advance — Maritimes Mining Corp. Ltd.		<u>55,058.18</u>	<u>365,693.93</u>
			<u>\$607,047.41</u>

Approved on behalf of the Board:

R. J. ISAACS, Director.

G. L. MOORE, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of TILT COVE POWER CORPORATION LIMITED as at December 31, 1963 and the statement of profit and loss for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above balance sheet and statement of profit and loss present fairly the financial position of the Company as at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 19, 1964.

LOFTUS A. ALLEN & COMPANY,
Chartered Accountants.

TILT COVE POWER CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended December 31, 1963

REVENUE

Power	\$356,628.88	
Steam	56,081.00	\$412,709.88

OPERATING EXPENSE

Bunker "C" Oil	\$205,040.61	
Wages	40,033.50	
Supplies and spare parts	8,737.27	
Miscellaneous operating expense	7,628.33	
Employee benefits	1,132.41	\$262,572.12

ADMINISTRATIVE AND GENERAL EXPENSE

Office maintenance and taxes	\$ 3,912.40	
Travelling	286.25	
Insurance	5,950.90	\$ 10,149.55

OPERATING PROFIT \$139,988.21

FINANCIAL EXPENSE

Loan interest	\$ 19,890.26	
Bank charges	97.95	19,988.21

\$120,000.00

DEPRECIATION ON BUILDINGS AND PLANT 120,000.00

NET PROFIT OR LOSS FOR THE YEAR Nil

